COMPETITION WATCH

Study of commercial activities of not-for-profit organizations and their effect on state revenues

House Document No. 50 (2001) - The report of the findings and recommendations of the Commonwealth Competition Council taskforce on the ongoing or permanent commercial activities of not-for-profit organizations and their effect on state revenues has been released. This document is available from the Legislative Bill Room, (804) 786-6984, and is being made available through the Council's web portal, http://www.egovcompetition.com/. and click on the Library button.

This taskforce consisted of Council members and Commissioners of the Revenue. They heard from not-for-profit organizations, small businesses, and state government representatives as they delved into this issue. One of the findings was the lack of any centralized database on nonprofit or not-for-profit organizations in Virginia

This resulted in the General Assembly passing Senate Joint Resolution 382 during the 2001 session asking the Competition Council to coordinate the efforts to prepare a plan for the development of a system and review process to implement and maintain a statewide database of nonprofit and not-for-profit organizations in Virginia. There are some 19,000 such organizations operating within the Commonwealth. This plan is to be submitted to the Governor and the General Assembly by November 30, 2001. This team will consist of representatives from the State Corporation Commission, Attorney General's Office, Department of Agriculture and Consumer Services, Department of Taxation, Charitable Gaming Commission, Commissioners of the Revenue, nonprofit and not-for-profit organizations, and Virginia Information Providers Network.

If you would like to provide input on this plan or would like additional information, please contact the Council at (804) 786-0240 or use the Council discussion forum: http:www.vipnet.org/discuss/messages/129

Pavement Warranty in Virginia

Virginia has joined New Mexico in trying out the concept of a warranty on new pavement. Under a $236 million design-build contract, Koch Materials and CH2M Hill will lengthen Richmond's Route 288 by 17.5 miles. The project includes a 10-year warranty on the quality of Koch's asphalt pavement, thereby shifting significant risk from the state and its taxpayers to the company.

eVA – A Public-Private Partnership has Arrived in Virginia

Virginia's procurement system just became easier and faster with *eVA* providing one-stop shop for the Commonwealth's agencies, institutions and localities. *eVA* is a public-private partnership that will enable government to purchase goods and services over the   Internet in a timely, cost-efficient manner. *eVA* users

will be able to shop from catalogs and statewide contracts, notify vendors of business opportunities, and provide one-stop vendor registration. The site will be free to state agencies, and participating vendors will pay a nominal fee per order. Virginia's self-funding model is considered one of the most innovative and economical in the country.

Most Governments now Online

Spurred by citizen demand, 84 percent of municipal governments have a web site according to a survey of 1,900 city and county governments -- each with a population of more than 10,000 -- who responded to the International City/County Management Association (ICMA) (www.icma.org) and the non-profit Public Technology, Inc. (http://www.pti.org/) survey.

Called "Is Your Local Government Plugged In?" the study reaffirms the advance of technology in municipalities to deliver information and web-based transactions. The study found that relatively few municipalities offer online financial transactions, such as tax payments, although about 96 percent said they plan to offer such services.

"Technology is really a tool, and without a purpose, it's useless," said Arlington County, Virginia, Board Chairman Jay Fisette, one of several local officials confirming the study's findings. He also said that the Internet should be a "tool to enhance democracy."

The survey found that e-government has changed local government: 44 percent of respondents said providing such services has placed heavy demands on their employees, but 36 percent said business processes were being reengineered. About 27 percent said their business processes were more efficient.

The study said a majority of local governments do not contract for services with e-government vendors. However, many outsource some web-related functions, such as web design, hosting and operations.

The respondents said the biggest obstacles to e-government are lack of IT staff, lack of financial resources, lack of technology or web expertise, the need to upgrade current technology, privacy issues and issues to convenience fees for online transactions. In addressing the digital divide, 80 percent of respondents reported that they offer public access terminals in municipal facilities, 45 percent work with schools to provide computer access, and 23 percent provide technical support.

Steps to Successful Outsourcing

Weather you run a business or are a head of a public or non profit organization, "outsourcing" offers one of the best ways to provide better services for less money, if done correctly. Outsourcing is simply hiring another company to take over and run a service it can perform better and more efficiently than you can.

Private companies can outsource services to other private companies. Public entities, such as city governments or government agencies and institutions, can outsource services to other public agencies, to private for-profit companies, or to private non-profit companies or organizations.

Outsourcing is growing as a management tool for officials and executives in both government and the private sector. Spending by U.S. organizations on outsourced business services is expected to triple from its 1996 level of $100 billion, to $318 billion by 2001.

Many municipalities routinely contract with private companies for such work as debt collection, property tax assessment, housing and community development, legal services, library management, motor vehicle maintenance, janitorial services, refuse collection, security, rodent control, parking meter enforcement and security, to name a few.

But there are right and wrong ways to outsource services. For example, in order to be successful—that is, in order to save money and provide better services at the same time—the outsourcing process must include open, competitive bidding for contracts that are subject to periodic renewal. The contract terms must be written carefully to incorporate clear and appropriate safeguards. There also must be effective monitoring of performance to ensure the contract is being carried out as specified.

A complete discussion of outsourcing and available tools and techniques are located on the Commonwealth Competition Council's award-winning web portal at http://www.egovcompetition.com which provides 24-hour support, 7 days a week, for individuals interested in outsourcing government and continuous improvement in their organizations. Last month 21,955 individuals took advantage of the Council's web resources.

Outsourcing Succeeds

Pennsylvania puts employees first as it revamps data centers.

Controversy has swirled around the idea of outsourcing since before Ferdinand and Isabella of Spain outsourced exploration of the Ocean Sea. The contactor certainly took risks, but nobody complained about the deliverables. Christopher Columbus and his employees, no doubt, could have learned a thing on two from Pennsylvania's recent efforts to outsource its data centers. When Governor Tom Ridge took office in 1996, the state had 17 data centers within a 10-mile radius of Harrisburg. After a blue-ribbon commission evaluation to evaluate the state's technology infrastructure, the 17 data centers stood out. However, scrapping the data centers and starting over was not an option.

After a yearlong bidding process and negotiation, Pennsylvania settled on Unisys to consolidate the data centers into one operations center. Officials worked closely with representatives of the American Federation of State, County and Municipal Employees (AFSCME) to ensure that not one state employee was displaced. Curt Hines, Project Director, attributed the success of the data center consolidation to the fact that the state valued its employees and invested in training them. According to Haines, outsourcing will grow in popularity because it's an effective way to deal with the staff shortages that have plagued government as well as private industry for the past few years. "It's a way to save money and still have quality services," he said.

Commonwealth Competition Council Offices Relocating

As of April 3, 2001, the staff offices of the Commonwealth Competition Council will be relocated from Suite 500, James Madison Building, 109 Governor Street, Richmond, VA 23219, to:

1501 East Franklin Street, 1st Floor, Richmond, VA 23219-3671.

The Commonwealth Competition Council web portal provides 24-hour support, 7 days a week, to individuals interested in entrepreneurial government and continuous improvement in their organizations. An e-Gov entrepreneur's toolkit is available to answer your questions and to provide assistance. http://www.egovcompetition.com